UNITED NATIONS

DP

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.
GENERAL

DP/2001/24
29 June 2001

ORIGINAL: ENGLISH

Second regular session 2001
10 - 14 September 2001, New York
Item 2 of the provisional agenda

UNDP: FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

BUDGET ESTIMATES FOR THE BIENNIUM 2002-2003

Report of the Advisory Committee on Administrative and Budgetary Questions

I. INTRODUCTION

1. In accordance with Regulation 9.5 of the Financial Regulations of the United Nations Development Programme (UNDP), the Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator on the biennial budget estimates of the United Nations Development Programme for the biennium 2002-2003, as contained in an advance copy of document DP/2001/21. During its consideration of the item, the Advisory Committee met with the Administrator and his representatives, who provided additional information.

Format and presentation

2. The Advisory Committee notes that the UNDP budget estimates and related proposals of the Administrator for 2002-2003 have been guided by the Administrator's Business Plans, 2000-2003 (DP/2000/8) and key policy decisions adopted by the Executive Board, such as those concerning the results-oriented annual report (2000/15), special development situations (2001/1) and the second global cooperation framework (2001/7). The Committee further notes that the UNDP support budget is presented as an integral part of the multi-year funding framework in accordance with Executive Board decision 98/23. The support budget constitutes the second half of the four-year funding framework (DP/2001/21, paragraph 4).

3. The Advisory Committee examined an unedited text of the UNDP budget estimates and raised concern about the format of the presentation of the document. In the view of the Committee, the purpose of a budget document is to present programmes and costs clearly. The Committee is of the

view that the version submitted to it was difficult to follow and understand quickly; it was repetitive and used an excessive number of acronyms and terms that inadvertently reduced the clarity of the document.[1] This, in the opinion of the Committee, may fail to convey the intended messages and result in unnecessary difficulties for members of the Executive Board and delegations of Member States to comprehend and follow the presentation easily. The representatives of the Administrator informed the Committee that the text would be edited and simplified. The Committee requests that in the future, documents submitted for review by the Committee be in final form.

General observations

4. The Advisory Committee notes from the results-oriented annual report for 2000 (DP/2001/14/Add.1) the analysis by goals of the UNDP programme, which remained quite broad. In this connection, the Administrator informed the Committee that, under the new vision for UNDP the programme would be targeted during 2002-2003 on six main areas: governance; poverty reduction; strategies to prevent the spread and mitigate the impact of HIV/AIDS; environment and energy for sustainable human development; information and communication technology; and development dimensions of conflict and post-conflict situations, with gender equality and the status of women cutting across all six areas. The Committee was further informed that UNDP had decided to discontinue policy support in the following fields: education, forestry, health (excluding HIV/AIDS), nutrition, sustainable livelihoods and transport. At the same time, remaining policy support will be more sharply defined on the basis of a continuing analysis of demand and the comparative advantage of UNDP. The Committee was also informed that this action does not result in any United Nations system partners no longer working with UNDP. It may however reduce the level of UNDP-funded business with certain United Nations system partners. In the view of the Committee, the move of UNDP from an organization carrying out fund- raising and the funding of development projects to one providing knowledge-based advisory services and other development services to programme countries would require a clear identification of its role vis-à-vis other partners within and outside the United Nations system.

5. The Advisory Committee was informed that a shift to a service- and results-oriented programme would affect the present classification of UNDP support and programme expenditure. In the longer term, the new vision for UNDP requires the combination of a range of services that draw upon capacities provided through both the support budget and programme resources. In this connection, the Committee recalls its view that each service rendered must be fully paid for by clients, including administrative and management costs, and that an accurate identification of costs to deliver a service becomes essential in order to be able to request a fair reimbursement.

6. The Advisory Committee was further informed that, taking into account the analysis carried out under the results-oriented annual report (DP/2001/14/Add.1), UNDP would rethink how total UNDP resources are to be distributed between programme and support budgets. The first steps in this direction have been taken in the budget strategy for 2002-2003. This will be followed up in more detail as part of the Executive Board reviews of the successor programming arrangements at its annual session 2002.

---

[1] For example, narratives with excessive use of acronyms, in the unedited text, include those in paragraph 54 (" Multi-country re-profiling workshops will have been conducted by BOM") and paragraph 63 (" ERD will develop a toolbox for CPC situations" and "ERD will develop initiatives in terms of strategy-setting and programming in CPC environments").

Income and expenditure

7. The Advisory Committee notes from paragraphs 3 and 4 of the report that the original regular resources projections for 2002 and 2003 in document DP/1999/30 and DP/1999/31 amounted to $1.0 billion and $1.1 billion respectively and that the erosion in regular resources over the past years has severely impaired the ability of UNDP to produce the development outcomes envisioned in the country cooperation frameworks. The Committee was informed that from the perspective of regular resources, the UNDP resource base has been contracting over eight consecutive years; however, seen from the perspective of the totality of resources available for programmes, including other resources such as third-party co-financing and programme country cost-sharing, the resource base of UNDP is expanding. The Committee was provided upon request with a chart showing UNDP resources during the period from the biennium1992-1993 to the biennium 2002-2003 (see the annex to the present report).

8. The Advisory Committee notes from table 1 that target contributions to UNDP regular (core) resources decreased in 2002-2003 while projections of other resources from donors (comprising third - party co-financing) and programme-country cost-sharing show modest increases during the biennium 2002-2003, as follows:

UNDP available resources	2000-2001	2002-2003	Percent change
	(millions of dollars)		
Regular resources	1771.9	1764.0	(0.4)
Third-party co-financing[a]	1618.4	1650.3	2.0
Total donor resources	**3390.3**	**3414.3**	
Programme country cost-sharing[b]	2599.6	2701.3	3.9
Total projected available resources	**5989.9**	**6115.6**	**2.0**

[a] Third-party co-financing is allocated to UNDP programmes outside the country of the contributor
[b] Programme-country cost-sharing finances projects in the country of the contributor
(See also table 1 of document DP/2001/21).

9. For 2002-2003, the Advisory Committee notes from table 1 of document DP/2001/21 that programme support and management and administration costs increase in proportion to resources for programmes for third-party co-financing, for government cost-sharing and for all sources of funds, as follows:

	2000-2001		2002-2003	
	(millions of dollars)	%	*(millions of dollars)*	%
Use of other resources for programmes				
(a) Third-party co-financing for programmes	1231.1		1276.4	
(b) Programme support and management and administration	69.9		104.0	
(c) (b) as a percentage of (a)		5.7		8.1
(d) Government cost-sharing for programmes	1786.0		1807.7	
(e) programme support and management and administration	52.0		75.2	
(f) (e) as a percentage of (d)		2.9		4.2
(g) Use of regular resources for programmes	1163.1		1176.1	
(h) Programme support and management and administration	399.2		392.4	
(i) (h) as a percentage of (g)		34.3		33.4
(j) Total funds for programmes (all sources)	4180.3		4260.2	
(k) Programme support and management and administration	521.1		571.6	
(l) (k) as a percentage of (j)		12.5		13.4

(See also table 1 of document DP/2001/21).

10. Upon request, the Advisory Committee was provided with the following information on countries and projects accounting for the bulk of the amounts projected for 2002-2003 in table 1 of document DP/2001/21 on other resources. The Advisory Committee notes that once UNDP receives the funds for programming, they are fully under the organization's control.

Estimated 2002-2003 major programmes funded from other resource (*in millions of dollars*)

COUNTRY	Local resources: Government cost-sharing	Donor resources: Third-party cost sharing	Donor resources: Trust funds
Brazil	454.2	12.0	
Argentina	407.9		
Panama	142.7		
Colombia	130.3	35.0	
Peru	101.1		
Honduras	72.2		
Iraq			202.9
Indonesia			67.9
Programme of Assistance to the Palestinian People			66.7
Philippines		11.7	39.7
Mozambique		26.7	12.7
Other Latin American countries	328.4		

11. The Advisory Committee was informed that the Executive Board has specifically recognized the role of other resources as an additional financing mechanism to enhance capacity and to supplement the financial means of UNDP. The Committee notes, however, that other resources are tied and programme commitments are subject to funds being on hand. "Other resources" are not at the disposal of the Administrator for programming and allocation the way regular resources are. As indicated in paragraph 11 of the report, "while UNDP has become a multi-funded organization, regular resources provide the funding base for the UNDP country presence and the country-driven programme focus". Furthermore, "regular resources are the lifeblood of UNDP" and "can be supplemented but not replaced". It is crucial to place UNDP on stable footing in respect of both regular and other resources.

12. In the opinion of the Advisory Committee, the expansion in non-core resources needs to be managed in a way that does not obscure the role of UNDP as the development programme of the United Nations system, which is essentially different from those of the Breton Woods institutions and from the United Nations specialized agencies. The Committee recalls that regular resources fund core capacity at the country level and that unless there is consistent funding of core capacity at the country level commensurate with services to be provided by UNDP, the goal to strengthen UNDP leadership at the country level could be impaired.

13. In this connection, the Advisory Committee notes and agrees with the statement in paragraph 165 of document DP/2001/14/Add.1 that "the ability of UNDP to fulfil its mandate, promote development change in cooperation with partners, and mobilize other resources depends on an adequate and secure regular funding base that guarantees the organization's multilateral, impartial and universal character. In this sense, regular ("core") contributions remain the bedrock of UNDP and putting the regular resource base back on a path of sustainable growth to meet agreed targets still remains the overriding priority".

/...

14. As indicated in paragraph 12 of document DP/2001/21, a complementary approach to the budget strategy for 2002-2003 is to increase the income from other resources earned as overhead from cost-sharing and trust-fund programmes as well as cost recovery from services and to deploy these resources to the goals and priorities of the Administrator's Business Plans, 2000-2003. The Advisory Committee notes from paragraphs 114 and 115 of the report that the UNDP standard trust-fund and third-party cost-sharing agreements were revised in mid-2000 and now reflect a range of 3 to 5 per cent against the contribution to cover the additional costs incurred by UNDP, up from the norm of 3 per cent. This approach is expected to generate an amount of approximately $12 million in additional resources in the biennium 2002-2003. Upon enquiry, the Committee was informed that, depending on the project-delivery requirements, country offices are allowed to assess support charges of up to 8 per cent of the contribution received; however, higher rates of cost recovery would make UNDP "not competitive". **The Advisory Committee requests that, in the future, a full explanation be provided on the various rates.**

15. In this connection, the Advisory Committee recalls its view in paragraph 34 of document DP/1999/33 on the need to charge a fair share for the administration, management and other services provided by UNDP to activities funded by other resources. **The Committee cautions that cost-recovery rates, including in the context of national execution, should be realistic and reflect the cost to UNDP of managing and delivering the various services. It would be counterproductive for UNDP to charge rates that gave the impression that the cost of services and activities was less than it actually was. The shortfall would have to be covered from other sources, principally from an ever-decreasing level of regular resources.** Cost recovery from agencies that obtain services form UNDP country offices is discussed in paragraphs 44 and 45 below.

16. The Advisory Committee notes from paragraphs 155 and 156 of the Administrator's results-oriented annual report for 2000 (DP/2001/14/Add.1) that the impact of lower voluntary contributions to regular resources is clearly perceived. Programme expenditures from regular resources are estimated at $411 million for 2000 (including programme support through implementing agents), as compared with programme expenditure from regular resources of $541 million in 1999. Programme expenditure from other resources (in the category of third-party co-financing and trust funds) amounts to $579 million in 2000, as compared with programme expenditure from other resources of $534 million in 1999. Programme expenditure from other resources in the category of government cost-sharing for 2000 is reported at $872 million, as compared with $948 million in 1999.

17. Upon enquiring, the Advisory Committee was informed that the steps being taken to widen the donor base of regular resources include the following:

(a) Providing for development results at the country level, so as to demonstrate the value of the role of UNDP;

(b) Maximum re-engineering and organizations reforms, so as to ensure that maximum resources go to development purposes;

(c) The convening of a Ministerial Meeting in September 2000, so as to secure full engagement of Ministers in generating the political will needed to rebuild the resources of UNDP (see annex V of the present report for a summary of Ministerial Meeting);

(d) Discussions at the level of the Administrative Committee on Coordination in preparation for the interactions of the Secretary-General with world leaders, including major donors who are of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) members and;

(e) Visits by the Administrator and other senior UNDP officials to the capitals of existing donors as well as emerging ones.

II. BIENNIAL SUPPORT BUDGET FOR 2002-3003

18. As shown in table 3 of document DP/2001/21, the proposed support budget for the biennium 2002-2003 amounts to $566.9 million (gross), reflecting a decrease of $18.5 million, as compared with support budget estimates for 2000-2001 amounting to $585.4 million (gross). After taking into account projected income to the proposed support budget for 2002-2003 of $64.3 million, the net proposed support budget for 2002-2003 amounts to $502.6 million, reflecting a decrease of $15.7 million, as compared to net support budget estimates for 2000-2001of $518.3 million, based on a projected income to the support budget for 2000-2001 of $67.1 million. The decrease in the projected income for the proposed support budget for 2002-2003 of $2.8 million is explained in paragraph 29 of document DP/2001/21

19. Paragraphs 43 and 44 and table 2 of document DP/2001/21 show increases and decreases in the main component of the budget proposal for 2002-2003. Volume decreases in the main components of the gross budget proposal amount to $43.1 million and cost increases amount to $24.6 million, resulting in a reduction of $18.5 million in the proposed gross estimates for 2002-2003. Taking into account a decrease of $2.8 million in the projected income for the support budget for 2002-2003, the volume decreases in the main components of the net budget proposal amount to $40.3 million and cost increases amount to $24.6 million (net of currency adjustment of $16.7 million), resulting in a reduction of $15.7 million in the proposed net estimates for 2002-2003. The impact of inflation reflects the combined effect of a 2.1 per cent annual inflation rate at headquarters and a 4.9 per cent annual inflation rate for country offices.

20. As indicated in tables 4 and 5 of document DP/2001/21, the total number of proposed posts for 2000-2003 under the support budget is 3,322 (576 International Professional, 533 National Professional and 2,213 General Service and other categories of staff), reflecting a reduction of 706 posts (27 International Professional, 73 National Professional and 606 General Service and other categories of staff), as compared with the approved posts for 2000-2001 of 4028 (603 International Professional, 606 National Professional and 2,819 General Service and other categories of staff). For 2002-2003, of the total number of posts proposed, 81.7 per cent are for country offices and 18.3 per cent for headquarters, the United Nations Volunteers (UNV) and the Inter-Agency Procurement Service Office (IAPSO).

21. The Advisory Committee notes that the post reductions proposed for 2002-2003 are mainly in country offices (27 International Professional, 73 National Professional and 567 General Service and other categories of staff) while for headquarters the proposal includes an increase of 2 International Professional posts and the reduction of 36 General Service posts. The Committee was informed that during the last decade, the headquarters support budget has borne the larger share of the budget reduction. Consequently, most units at headquarters are already stretched in terms of regularly funded capacity, with many units barely having a critical mass. Between 1992-1993 and 2000-2001, regular funded posts at headquarters have been reduced by 31 per cent while those in country offices have been reduced by 9 per cent.

22. The Advisory Committee notes that, in accordance with paragraph 98 of the Administrator's Business Plans, 2000-2003 (DP/2000/8), an overall reduction of 25 per cent of headquarters staff is targeted by the end of 2001, through a combination of 11 per cent in actual cuts and 14 per cent of functions relocated to the field. The majority of this staff reduction is funded either from "other resources or programme resources " (DP/2001/21, paragraph 38). In connection with the 2002-2003 budget estimates, approximately 200 posts funded from regular resources would be reduced by the end of 2001 and some 500 additional posts are targeted for reduction (DP/2001/21, paragraph 19).

Upon request, the Committee was provided with a chart of post reductions in the support budget for the periods from the biennium 1990-1991 through the biennium 2002-2003 (see annex II to the present report).

23. Summary table III of document DP/2001/21 shows the distribution of posts by source of funds and organizational unit for 2002-2003. The Advisory Committee notes that there is an overall reduction of 443 posts funded from all sources of funds (from 5,377 posts in 2000-2001 to 4934 posts for 2002-2003); however, while there is a proposed reduction of 706 posts under the support budget for 2002-2003 (see paragraph 20 above), there is an increase of 263 posts funded from other resources (from 1349 posts in 2000-2001 to 1,612 posts for 2002-2003). Upon request, the Committee was informed that the vacancy rate for headquarters was nil and for country offices approximately 3 per cent.

24. The Advisory Committee was informed that it was proposed that the allocation for voluntary separation available under the support budget for 2000-2001 be maintained. For the biennium 2000-2001, the Administrator had proposed to maintain an allocation for separations, adjusted for inflation, in the amount of $7.7 million. In addition, he had proposed the establishment of a separation reserve amounting to $7.0 million for staff reductions and changes relating to the 2000-2001 budget proposals (see DP/1999/31, paragraph 99 and DP/1999/35, paragraphs 13 and 14). As indicated in paragraph 22 above, some 200 headquarters and country offices posts of the 706 posts targeted for reduction in 2002-2003 would be terminated at headquarters and country offices by the end of 2001. As such the allocation for voluntary separation under the support budget for 2002-2003, adjusted for inflation, would amount to some $10.7 million (see DP/2001/21, paragraph 102).

25. Upon request, the Advisory Committee was informed that separations under the $14.7 million allocated in 2000-2001 addressed the organization's requirement as follows:

	Posts reduced			
Purpose	International Professional	Headquarters General Service	Country offices: National Officers and General Service	Total
Implement the Business Plans objectives of: lean and agile headquarters; re-profiling country offices to deliver on quality signature services	38	46	139	223

The number of cases on appeal amounts to 3 (all are involuntary separations).

26. The Advisory Committee notes from paragraph 38 and table 2 of document DP/2001/21 that $15.7 million of the proposed reductions to the biennial support budget for 2002-2003 would be reallocated to special initiatives in such areas as learning and training ($2.6 million), entry-level positions under the Leadership Development Programme ($3.1 million), re-engineering business process and information technology ($9.0 million) and the special needs of country offices relating to HIV/AIDS ($1.0 million). **The Committee requests that in the next budget presentation a clear distinction be made between allocation of savings arising from staff management actions and those resulting from introduction of efficiency measures and productivity gains.**

27. The Advisory Committee notes from paragraphs 56 (a) and 102 of the budget document that the newly designed UNDP Leadership Development Programme (LEAD) will have 19 entry-level positions for young international professionals in the budget in 2002-2003, reflecting an increase of 10 posts

from those established in 2000-2001. Upon request, the Advisory Committee was informed that the LEAD programme is an entry point in developing a career in UNDP. It provides qualified young (age requirement is 35 years or less) people the opportunity to build up the experience, skills and aptitude needed to function effectively as a professional and leader in development. The programme starts with formal training at UNDP headquarters in New York. Next, participants undertake short-term assignments of two to three months in New York or country offices in Africa, Asia, Arab States, Eastern Europe and the Commonwealth of Independent States or Latin America and the Caribbean. These assignments consist of specific tasks or projects, such as project formulation, evaluation and policy papers, typically done in a team with other staff members or consultants. In the 2000-2001 budget, 9 posts were available for this programme. The location of the 9 posts currently is as follows: 3 in Africa, 1 in Arab States, 2 in Asia and the Pacific, 1 in Europe and the Commonwealth of Independent States, 1 in Latin America and the Caribbean and 1 at headquarters. **The Committee welcomes the strengthening of the LEAD programme for young international professionals established with the purpose to rejuvenate the staffing profile of the Programme.**

28. The Advisory Committee notes from paragraphs 28 and 42 and table 2 of the budget document that the volume decrease of $43.1 million in the proposed support budget for 2002-2003 is net of the amount of $8.0 million to cover the requirements of 27 Economist posts that would be reported under programme expenditures. The Committee sought clarification as to whether this change in the reporting of expenditures of the Economist posts from the support budget to the programme budget would also affect the type of contract for staff services and whether there would now be a need for UNDP to have greater flexibility in staff deployment to accommodate fluctuations in the demand by clients for UNDP services. The Committee was informed that it would not affect the contractual status of personnel currently against these posts. However, the status of new personnel recruited in the medium to longer term will be that of project personnel. It should also be noted that this function although country based, is responsible for a cluster of neighbouring countries, providing for maximum flexibility in responding to the changing needs of the countries being covered. **The Committee is of the view that the expenditure for the 27 Economist posts should be disclosed as part of the programme support expenditure of the budget.**

29. The Advisory Committee notes from paragraph 70 of the budget document that the support budget for the Office to Combat Desertification and Drought (UNSO) is now incorporated as part of other resources of the Bureau for Development Policy. The Office has been transferred to Nairobi, Kenya, with outposted operations to service the Arab States and Western Asia. Further, the Committee notes from summary table III of the report that the Bureau of Development Policy would increase its senior management staff at the D-2 level from 5 to 6 positions, including two D-2 posts funded from other resources in 2002-2003.

30. The Advisory Committee notes from table 1 of document DP/2001/21 that the net biennial budget estimates for headquarters under programme support would increase from $56.4 million in 2000-2001to $59.9 million for 2002-2003, or 6.2 per cent, and for the country offices the net estimates would decrease from $231.9 million to $223.3 million, or 3.7 per cent. Table 3 shows that the gross biennial budget estimates for headquarters under programme support would increase from $59.7 million to $62.4 million, or approximately 4.5 per cent while the gross estimates for the country offices would decrease from $287.3 million to $273.8 million, or 4.7 per cent.

31. The Advisory Committee sought clarification on the reasons for an increase in the programme support component of the budget for headquarters for 2002-2003, when at the same time many functions have been delegated to the field and more delegation is expected (see, for example, DP/2001/21, paragraph 55). The Committee was informed that for the biennium 2002-2003, there is a proposed increase in the headquarters programme support component of the budget relative to a proposed decrease for country offices because, as noted in paragraph 21 above, the headquarters component of the budget had borne the brunt of the budget reductions over the last few bienniums.

Refocused country presence

32. The subject of the refocused country presence of UNDP is discussed in paragraphs 20-23, 48-59 and 88-93 of document DP/2001/21. The Advisory Committee notes from paragraph 50 that country offices continue to perform functions relating to the responsibilities of the United Nations resident coordinator system, as well as those relating to management and operational support to nationally executed projects and those directly executed as legislated by the Executive Board. The Committee sought clarification on the country office re-profiling exercise. The Committee was informed that the exercise started in January 2001 and the main process is expected to be completed by the end of 2001. The Committee was provided with a detailed framework for the implementation of the exercise within the targets of the Administrator's Business Plans, 2000-2003.

33. The Advisory Committee notes that the approach of bringing the capacities of country offices in line with a basic presence has been applied equally to all regions. Table 6 shows the estimates for country offices under programme support for each region, including regular and other resources, and table 7 shows the allocation of posts to country offices for each region for an average size of the basic fixed-cost structure.

34. The Advisory Committee notes from paragraph 55 of document DP/2001/21 that UNDP will introduce field service centres which are in the preparation phase, with the purpose of facilitating the decentralization of certain functions from headquarters to lower-cost locations, as well as the transfer of certain functions from country offices to the sub regional level to reach economies of scale. Moreover, during the biennium 2002-2003, UNDP and the United Nations Children's Fund are assessing the feasibility of introducing on a pilot basis a model for joint offices in two or three country offices under one head who would serve simultaneously as resident coordinator and representative of participating organizations. **The Committee welcomes these initiatives and trusts that they will facilitate specialization, better quality services and productivity gains.**

35. The Advisory Committee notes from paragraphs 57 to 59 of the budget document that UNDP has continued its efforts to remind host Governments of their obligation to contribute toward local offices costs. Payments received toward local office costs are still below the projected level of $27 million per year for 2000-2001. In the current biennium, UNDP has targeted in particular the contribution of middle-income countries with deficits in their obligations toward local office costs. Collections from low-income countries, including crisis countries, are not expected at the targeted levels. Accordingly, for 2002-2003 the estimated income projection for local office costs has been set at a lower level of $48 million, which is $6 million less than the projection of $54 million for 2000-2001.

36. Centrally budgeted resources of the country offices are discussed in paragraph 56 of the budget document. The category relates to resources of a global or regional nature, administered at headquarters, where country offices are the intended beneficiaries. For 2002-2003, this category of staff includes 178 posts funded from regular resources (26 International Professional, 55 National Professional and 97 General Service and other categories of staff). The Advisory Committee notes that this category of staff includes 15 International Professional posts of the Emergency Response Division (paragraph 56 (b)) and 122 posts (3 International Professional, 34 National Professional and 85 General Service and other categories of staff) to be deployed as needed in areas in special circumstances (e.g., Kosovo and East Timor) (paragraph 56(k)). Upon request, the Committee was informed that the 122 posts for special situations are allocated through the regional bureaux in order to respond flexibly to special needs at the country level as they arise, including to strengthen temporarily the core capacity of country offices for specific needs. The Advisory Committee was provided, upon request, with information on the intended location of these posts in 2002-2003, as follows:

CENTRALLY BUDGETED RESOURCES FOR COUNTRY OFFICES					
Function	International Professional	National Professional	General Service and other categories	Total	Location
LEAD	2			2	Not yet determined
Programme of Assistance for the Palestinian People	2	3	10	15	Jerusalem
Emergency response	15			15	Sierra Leone, Afghanistan, Somalia (2), Eritrea, Lebanon (2), Yugoslavia (3), El Salvador, Congo, Ethiopia, Geneva (2)
Regional information managers		18		18	South Africa, Ethiopia, Senegal, El Salvador, Panama, Slovakia, Morocco, Jordan, Malaysia, Other countries yet to be determined
UNSECOORD	2			2	Emergency Response Division (1 outposted to United Nations)
Technical Co-operation among Developing Countries	2		2	4	Malaysia (1 IP, 1 GS), South Africa (1 IP, 1 GS)
Strategic capacity	5	34	85	122	In 2000/2001: Kosovo, East Timor, Yugoslavia. Location for 2002/2003 yet to be determined. As mentioned in paragraph 58(k) of DP/2001/23, it is planned to assign a significant share of these resources to Africa in 2002.
Total	28	55	97	179	

Staff security

37. As indicated in paragraph 56 (c) of the report, all security-related costs are included under the centrally budgeted resources of country offices. The main issues on this subject are discussed in paragraphs 119 to 124 of the budget document. The Advisory Committee notes from paragraphs 122 and 123 that UNDP, as a field-oriented programme, intends to cover staff security needs over and above the global minimum critical staff safety and security structure of the United Nations. The total UNDP allocation for staff security for 2002-2003 amounts to $13.1 million.

38. The Advisory Committee notes the statement in paragraph 124 of the report that the, "staff security function should be accepted as a core responsibility of the United Nations towards its staff globally". **The Committee draws attention to Executive Board that this subject will be taken up by the Committee in the context of a report by the Secretary-General to the fifty-sixth session of the General Assembly. That report will be prepared after consultation with funds and programmes and representatives of the specialized agencies. In the meantime, the Committee stresses the importance of adhering to the provisions of General Assembly resolution 55/238 of 23 December 2000 on cost-sharing arrangements for inter-organizational security measures. (See also documents A/56/6, paragraphs 30.2-30.8).**

Emergency response

39. As indicated in paragraphs 63 and 64 of the budget document, the Emergency Response Division (ERD) has been structured to be the agency of the United Nations system to lead the development dimension of peace-building and crisis prevention. It will also take the lead in implementing the UNDP crisis and post-conflict strategy noted by the Executive Board in its decision 2001/1. The Advisory Committee notes that the Division "maintains the minimal funding of three International Professional posts and three support staff posts from the regular budget, with the rest of the funding of ERD capacity coming from other resources." In addition, as indicated in paragraph 36 above, 15 International Professionals are centrally budgeted to be deployed to country offices for activities of the Division. These 15 posts are reserved for purposes of quickly responding to crisis situations. The incumbents of the posts are highly mobile, specialized staff in crisis management and

conflict resolution that may be transferred by the Division whenever the need arises. **The Committee requests that in the next budget presentation all posts of the Division be clearly disclosed and urges the Administrator to manage these resources in an integrated manner.**

40. The Advisory Committee sought clarification on the total number of positions for the activities of the Emergency Response Division, including those financed by the regular budget of the United Nations (see document A/54/6/Rev.1, paragraphs 25-42), and requested information on cooperation with the Office for the Coordination of Humanitarian Affairs (OCHA) and other funds and programmes, e.g., the World Food Programme (WFP), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the Bretton Woods institutions. The Committee was informed that UNDP is working closely with OCHA through the Consolidated Appeal Process, the resident coordinator humanitarian coordinator system, the Executive Committee for Humanitarian Affairs (ECHA), the Inter-Agency Standing Committee (IASC) and through other mechanisms to ensure coordination of the United Nations system in crisis and post-conflict situations. In the area of natural disasters, UNDP is cooperating with OCHA and International Secretariat for Disaster Reduction (ISDR) in addressing prevention, preparedness and mitigation. In order to address the gap between relief and development, UNDP is working consistently with United Nations specialized agencies, funds and programmes and the Bretton Woods institutions through the Resident Coordinator system and other initiatives such as the Brookings Round Table, which is also in line with the updated UNDP crisis and post-conflict strategy presented to the Executive Board at its first regular session in January 2001 (DP/2001/4). ERD proposed staffing for 2002-2003 is as follows:

Regular/Other resources posts		**Headquarters, (New York/Geneva)**
100 series	Professional	6
	General Service	5
200/300 series	Professional	46
(Other resources)	General Service	17
Total		**74**

Natural disasters – United Nations regular budget
(included in the above table)

		Headquarters (Geneva)
series 200	Professional	5
series 200	General Service	2
Total		**7**

Temporary Emergency Posts (not included in the above table)

		Field
200/300 series	Professional	**15**

Information and communications technology

41. The area of information and communications technology is discussed in paragraphs 104 to 109 of the budget document. This category is centrally budgeted and managed at headquarters, as it cuts across all units of the organization. As shown in table 10 of the report, the total estimates for information and communications technology for 2002-2003 amount to $47.0 million, as compared with $27.1 million for 2000-2001. The estimates for 2002-2003 include provisions for recurrent maintenance of $10.3 million, business process re-engineering and systems development for country offices and headquarters of $25.3 million. The remaining $11.4 million for information and

communication technology is proposed under the transitional reserve. The Committee notes that the Administrator's view is to target at the very least a similar level of resources as those allocated by UNICEF in 2000-2001 for information technology. The Committee requested information on performance and results of investments in information technology in 2000-2001 and information technology plans and projects for the future and time frame. The Committee was provided with the UNDP 2002-2003 information technology and communications plan amounting to $47 million (see annex III to the present report). The status (including performance and results) of the 2000-2001 UNDP information technology and communications plan is presented in annex IV to this report. **The Committee welcomes the increased emphasis on upgrading and using information technology as a tool at the service of development.**

42. The Advisory Committee was further informed that UNDP would revert to the Executive Board through ACABQ for further resources (over the $47 million proposed in the 2002-2003 budget) that may be required in the context of the UNDP comprehensive information systems and communication strategy that is under development. In this context, UNDP will consult with the United Nations Secretariat as well as other funds and programmes.

43. Other centrally budgeted and managed resources at headquarters include provisions for premises and all associated costs (DP/2001/21, paragraph 82). In this connection, the Advisory Committee was informed that in view of the ongoing UNDP exercise to ensure a lean headquarters, space will become available in the next few months. Two factors that play a role are: (a) there was some overcrowding on some floors and (b) the space that becomes available is not necessarily contiguous space in the same building. UNDP is working to consolidate the space in the most optimal and efficient manner. This necessitates relocation and possibly some reconfiguration. This is being worked out and is in the process of being implemented. The resulting release of space will be determined at the conclusion of this process and the United Nations Department of Management will be kept informed.

Support to operational activities of the United Nations

44. As shown in table 1 of document DP/2001/21, provision under the biennial support budget for support to operational activities of the United Nations system, which is field-based support, amounts to $136.6 million for 2002-2003, reflecting a decrease of 6.2 per cent, as compared with $145.6 million budgeted for 2000-2001. This component of the biennial support budget includes provisions for the United Nations Development Group Office, elements of support provided by country offices to operational activities of the United Nations, contributions from the UNDP support budget to the UNV budget and a support budget funding to (IAPSO), (DP/2001/21, paragraphs 85-100).

45. The Advisory Committee notes from table 1 of the report that the decrease in the provision for support to the operational activities of the United Nations system from the support budget is more than offset by a considerable increase in the estimates funded from other resources. Third-party co-financing for 2002-2003 is estimated at $153 million, or a 108.2 per cent increase, as compared with $73.5 million estimated for 2000-2001. The Committee recalls its comments and observations in paragraphs 18 and 19 of document DP/1999/33 on the cost-recovery arrangements in respect of the support provided by country offices to operational activities of the United Nations system. The Committee notes from paragraphs 91 to 93 of document DP/2001/21 that cost-recovery guidelines were introduced by UNDP in 2000 and are being applied progressively by the concerned agencies and UNDP country offices. In March 2001, all agencies that obtain services from UNDP country offices were requested to comment on the experience with the guidelines in an effort to refine the approach. The estimated total reimbursement is expected to reach an annual level of $5 million by the end of 2001.

46. In accordance with the new methodology, UNDP attributes 23 per cent of country-level costs to support the operational activities of the United Nations, reflecting a decrease of 4 percentage points from the country-office support level attributed to this component in the support budget for the biennium 2000-2001 (DP/2001/21, paragraph 93). The Advisory Committee was informed that the reduction from 27 to 23 per cent of country-level costs to support the United Nations operational activities reflects the revised methodology to calculate the costs of services provided to agencies, in line with the recommendations of ACABQ. The income derived from the agencies for services rendered are categorized as other resources. UNDP other resources relating to its programme activities are solely those of UNDP and are not related to United Nations support.

47. As indicated in paragraph 97 and tables 1 and 9 of the budget document, under the component of the UNDP biennial support budget for support to operational activities of the United Nations system, the UNV support budget for 2002-2003 is estimated at $24.5 million, reflecting a decrease of 9.9 per cent, as compared with the estimate for 2000-2001 of $27.2 million. Table 9 shows that in addition to the resources from the UNDP biennial support budget, other resources available to UNV for 2002-2003 would amount to $5.7 million compared with estimates of other resources for 2000-2001 of $5.5 million. The Advisory Committee notes that for 2002-2003, the support to the UNV programme from the UNDP biennial support budget has decreased again, continuing a declining trend that started with the biennium 1996-1997. Moreover, during the same period, other resources available to the UNV programme appear not to have grown sufficiently large to compensate for the decline in the allocation from UNDP resources. UNV volunteer assignments that are not financed from UNDP resources include those covered by resources of UNHCR, UNICEF and the United Nations, particularly through budgets of the United Nations peace-keeping operations. The Committee has commented on the UNV programme in its report of 16 April 2001 (A/55/874).

United Nations House

48. The Advisory Committee recalls that the United Nations House programme was launched as a new initiative in the context of the reforms announced by the Secretary-General in March 1997, with the aim of establishing common premises and common service arrangements at the country-office level (see document DP1999/33, paragraphs 22 and 23). The Committee notes from paragraph 113 of the report that a capital reserve for the United Nations House programme was approved by the Executive Board at the level of $3.8 million (decision 99/23). Furthermore, for 2002-2003, UNDP will not require any additional funding for the implementation of the United Nations Houses, since it is expected that the available balance in the reserve will be sufficient. For the planning and assessment of new United Nations Houses for 2002-2003, as in 2000-2001, the amount of $0.5 million has been budgeted in the biennial support budget.

49. On a related subject, the Advisory Committee enquired on the status of the long-established project for United Nations staff houses managed by UNDP on behalf of the system. The Committee was informed that UNDP has decided to divest itself from the programme, largely owing to improvements in the housing sector in many areas where UNDP operates. The Committee requested clarification on how many assets have been sold or given to the host government and what remains to be disposed of. The Committee was informed that UNDP currently manages 256 housing units in 22 countries, a reduction from 356 units in 25 countries reported in 1997. Of the 256 units UNDP manages, 54 units are owned by UNDP while 202 units are leased from the Governments in the respective countries. Of the 100 units retrenched, the residence in Gambia, 20 units in Angola and 28 units in the United Republic of Tanzania were returned to the Governments of the respective countries in the current biennium. In the last biennium, a total of 12 units in Cape Verde and Yemen were sold and 39 units were returned to the Governments of the respective countries.

Administration of justice

50. The Advisory Committee notes for paragraph 103 of the budget document that UNDP is currently revising and strengthening its internal justice and conflict-resolution system. The Committee requested information on the main findings and on arrangements for collaboration with the United Nations. The Committee was informed that the review, while focusing primarily on the administration of the disciplinary system in UNDP (also applied in the United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (UNOPS), also addressed a possible strengthening of the ombudsman/mediation function. Following the review, main measures to be taken with regard to the internal disciplinary system include the following:

(a) Determining, in close consultation with the Staff Council, as well as with UNFPA and UNOPS, the institutional location of the Disciplinary Committee (as internal to UNDP/UNFPA/UNOPS), as well as the relationship to the Joint Appeals Board (the consultants have recommended that UNDP decide either to "hold" its Disciplinary Committee back into the United Nations Joint Disciplinary Committee, or create its own Appeals Board;

(b) Updating and, as needed, clarifying procedures and general guidelines for the disciplinary process, including for investigations and financial recovery, as well as rules of procedure for the Disciplinary Committee;

(c) Delineating responsibilities for the various functions of the disciplinary system, in particular among the Administrator, the Office of Human Resources (OHR) and the Office of Legal and Procurement Support (OLPS);

(d) Establishing a permanent, though not necessarily full-time secretariat for the Disciplinary Committee, independent of OLPS or OHR, and reporting directly to the Office of the Administrator. A qualified lawyer will head the Disciplinary Committee Secretariat, capable of guiding the Disciplinary Committee on procedural matters and provide substantive legal advice to the Committee; and,

(e) Examining the need to restructure the Disciplinary Committee to correspond to the system applied by the United Nations for selection of members for individual panels to hear specific cases.

In addition to the disciplinary system per se, a process has been initiated to explore the possibility of establishing a permanent ombudsman/mediation function. All of the above-mentioned measures include an analysis of possible resource implications.

51. On collaboration with the United Nations, the Advisory Committee was informed that, in reviewing, and making changes to, the functioning of the internal justice system of UNDP, due consideration continues to be given to the functioning of the United Nations internal justice system as such. Staff of UNDP are subject to the United Nations Staff Regulations and Rules, and it is therefore of importance to ensure consistency with the administration of justice in other parts of the United Nations. Not least for this reason, it will be of importance to establish the appropriate relationship with the statutory bodies of the United Nations. The current structure, whereby UNDP (with UNFPA and UNOPS) maintains its own Disciplinary Committee but makes use of the United Nations Joint Appeals Board, and, as the case may be, the United Nations Administrative Tribunal, allows for expediency in hearing cases and for giving due consideration to the specific nature of operations of UNDP (as well as of UNFPA and UNOPS) in the first instance while ensuring in the appeals process that there is consistency with the rest of the United Nations system.

52. The Advisory Committee was further informed that UNDP is consulting with UNFPA and UNOPS, as well as with other parts of the United Nations system on the implementation measures as mentioned above to improve the functioning of the disciplinary system. In addition, UNDP engages in regular consultation with the United Nations Secretariat, including the Coordinator of the Panel of Counsel, as well as with the other funds and programmes with regard to issues of common interest relating to the administration of justice, to ensure consistency among the various parts of the Organization. In cases before the United Nations Administrative Tribunal, UNDP is normally represented by the services of the United Nations Office of Legal Affairs. While the Office of Legal Affairs prepares the response to appeals to the Tribunal, these are normally finalized in consultation with UNDP.

III. BIENNIAL SUPPORT BUDGET FOR 2002-2003 OF FUNDS ADMINISTERED BY UNDP

53. The report of the Administrator includes in paragraphs 127 to141 the biennial support budget of two funds administered by UNDP that the Executive Board approves separately, namely the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM). The Advisory Committee notes that the budget estimates of these two funds are presented in line with the harmonization of budgets and follow the same terminology as the UNDP support budget.

United Nations Capital Development Fund

54. As indicated in paragraphs 129 and 130, in formulating its support budget for 2000-2003, UNCDF has generally maintained the level of operational costs at the 2000-2001 level. There is an increase of two posts over the previous biennium, resulting from the transfer back to UNCDF of three posts in the finance function that had been seconded to UNDP. There would be, however, no increase in costs as the result of a corresponding reduction in the reimbursement line of the budget. Furthermore, one technical advisor post would be reported in the Technical Support Services Funding Facility of UNCDF. The proposed distribution of posts is shown in summary table V (b).

55. The UNCDF resource plan for the period 2002-2003 is provided in table 11 of the budget document. The Advisory Committee notes that the income projection for 2002-2003 for both regular and other resources amounts to $71 million, reflecting a decrease of 19 per cent, as compared with the projected income level of $88.2 million for 2000-2001. UNCDF proposes to allocated to its support budget for 2002-2003 $13.6 million, or 20.62 per cent of its regular resources income projection for 2002-2003 of $66 million. For 2000-2001, the UNCDF support budget also amounted to $13.6 million, or 16.0 per cent of the regular resources income projection for 2000-2001 of $85.2 million. The Committee notes that, including opening balances, total available resources for 2002-2003 would amount to $141.5 million, reflecting a decrease of 20.4 per cent, as compared to total available resources, including opening balances, projected for 2000-2001 at $177.8 million. **The Advisory Committee is of the view that, under the circumstances, further efforts should be made to contain the management and administrative cost component of the support budget, which increases from $5.9 million in 2000-2001 to $8.4 million for 2002-2003.** A detailed breakdown of the estimates for 2002-2003 as compared with the 2000-2001 appropriations is shown in summary table V (a).

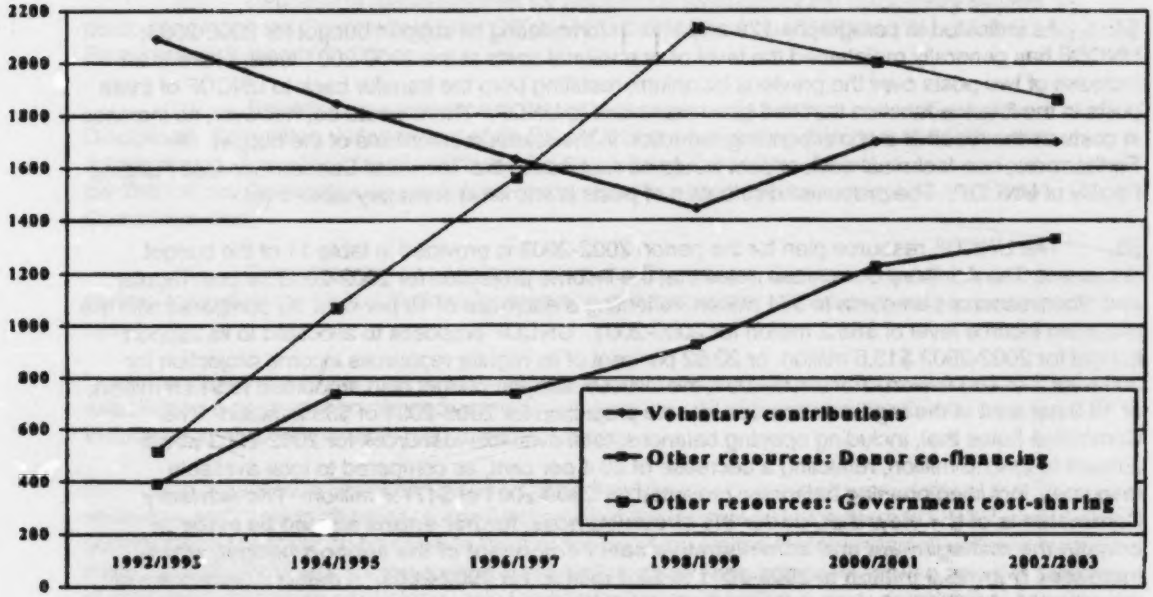
United Nations Development Fund for Women

56. The UNIFEM resource plan is shown in table 12 of the budget document. The Advisory Committee notes that the income projection for 2002-2003 for both regular and other resources amounts to $77.2 million, reflecting an increase of 18.2 per cent, as compared with the projected income level for both regular and other resources of $65.3 million for 2000-2001. UNIFEM proposes to allocate to its biennial support budget for 2002-2003 $12.3 million, or 25.2 per cent of its income

projection for regular resources for 2002-2003 of $48.8 million. For 2000-2001, the UNIFEM biennial support budget amounted to $11.6 million, or 25.1 per cent of the income projection for regular resources for 2000-2001 of $46.2 million. The Committee notes that including opening balances, total available resources for 2002-2003 would amount to $94.1 million, reflecting an increase of 3.2 per cent, as compared to total available resources, including opening balances, projected for 2000-2001 at $91.1 million. **The Committee is of the view that further efforts should be made to contain the headquarters programme support budget of UNIFEM, which increases from $6.1 million in 2000-2001 to $6.8 million for 2002-2003, after the transfer of a P-4 post from the support budget to other resources. Furthermore, under the circumstances, the Committee sees little justification to establish an additional Deputy Director post at the D-1 level, as proposed in paragraph 138.** A detailed breakdown of the estimates for 2002-2003 as compared with the 2000-2001 appropriations is shown in summary table VI (a) and the proposed posts for 2002-2003 as compared to posts for 2000-2001 are shown in summary table VI (b).

ANNEX I

UNDP RESOURCES 1992-1993 TO 2002-2003

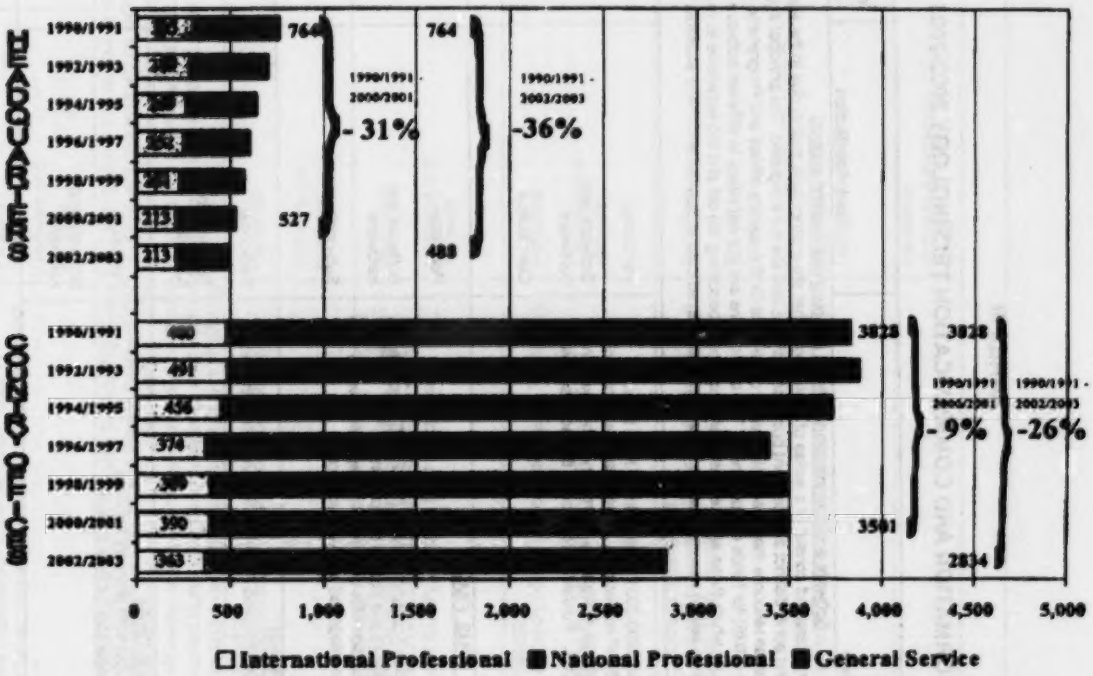


Source: 1992 – 2000: Actual contributions
2001 – 2003: Projection

ANNEX II

UNDP SUPPORT BUDGET 1990/1991 THROUGH 2002/2003: POST REDUCTIONS

International and National Professional staff and General Service staff (regular resources)



ANNEX III

INFORMATION AND COMMUNICATION TECHNOLOGY 2002-2003

Description	Cost distribution	Time frame (months)	Resource estimates ($ thousands)
<u>Software applications: transactional and business decision support</u> UNDP software applications are largely transactional in nature and consist of a series of applications that are custom built, mainly due to the absence of commercially available software packages aimed at the public sector. UNDP applications serve distinct and different business activities and are not integrated. The principal applications are the: Integrated Management Information System (IMIS) for corporate finance and human resource management, country office suite for the country offices and Programme Financial Management System (PFMS) and maintained Financial Information Management System (FIMS) for funds management. The applications are in most cases in different software code and store data in distributed non-integrated databases. In addition, the technology base on which these applications operate is rapidly becoming too old and too expensive to maintain and operate. Dedicated staff, software and equipment (see Business Information Centre below) assures that the heterogeneously stored data is cleaned and made available for analysis and reporting purposes through a data warehouse.			
IMIS – Finance and human resource releases: UNDP continued to make adjustments to the software in 2000-2001 to get IMIS to fit its business process needs. The UNDP version of IMIS is run on UNDP hardware by United Nations Secretariat staff. UNDP started to adapt the latest release, IMIS release 4 related to payroll and other fixes, in 2001 and implementation will be in the fourth quarter 2001. Further adaptation of this software will continue into 2002-2003.	Personnel Software and hardware Contribution	24	6308 202 1630
Total			8140
<u>Country Office Suite, PFMS, FIMS</u> Programme systems (FIM) FIMS platform migration to new technology Administrative and financial systems Windows Field Office Account Systems (WinFOAS) modules Information exchange: Financial Exchange Website (FINEX) and related components Conduct business process re-engineering study in connection with country office reprofiling with a view to rationalization of existing systems possibly through an integrated software solution	Personnel Software and hardware Sub-contract	24	3208 1109 3000
Total			7317
<u>Intranet and Internet</u> Following 2001 new Intranet and Internet Portal, focus on improved maintenance and strengthened staff support to user community.	Personnel Software and hardware	24	1901 180
Total			2081
<u>Business Information Centre</u> New knowledge management technology in support of upstream advisory services. Improved data management, dictionary and model in preparation of data cleaning.	Personnel Software and hardware	24	2762 1940
Total			4702

Description	Cost distribution	Time frame (months)	Resource estimates ($ thousands)
CO RIM Support Following new 2001 Regional Information Manager (RIM) organization implementation, focus in 2002-2003 will be improving support to country offices by assuring improvement in ICT skill levels and consistent UNDP ICT strategy implementation.	Personnel Hardware and software	24	2576 1748
Total			4324
Telecommunications A key milestone for the UNDP wide area network (WAN) was the July 2000 Executive Team decision that all country offices should have connectivity of no less than 64kbps. The execution of this decision is now under-way and will be completed in the last quarter of 2001. Subsequent upgrades will be called for owing to increased data flows reflecting ever-accelerating business-decision cycles and owing to the increase in the use of video and the evolution of web cam and web casting. In addition, the recent voice-over Internet Protocol (IP) technology will also require additional bandwidth. While the need for increased connectivity or bandwidth appears to be unavoidable, it does present cost-effective ICT opportunities thanks to the lower telecommunication costs and concurrent higher quality and availability, such as outsourcing of email on a worldwide basis and the centralization of application and database servers. Telecommunication should therefore take a central position in the UNDP ICT strategy.			
Telecommunication Additional bandwidth, voice-over IP,Video desktop and web casting to improve collaboration cost effectively across geographic locations and distance learning.	Personnel Software and hardware	24	2296 4020
Total			6316
LAN, Desktop, Office automation, Internet Replace obsolete Token Ring LAN technology with new, more cost-effective LAN products (skipping one technology generation); initiation of remote application and data storage by leveraging improved telecommunication to result in decreased dependence of country offices on local Information Technology resources and improved ICT reliability.	Personnel Hardware and Software	24	2444 5651
Total			8095
Email/Messaging Outsource email to result in decreased dependence of country offices on local information Technology resources and improved ICT reliability. Digital signature to result in the ability to conduct business in a paperless, more responsive and cost -effective manner.	Personnel Hardware and software	24	1173 971
Total			2144
Database administration – Software engineering New technology to improve significantly the IMIS reporting and business analysis capabilities to result in a more reactive response to data inquiries by users and donor countries.	Personnel Software and Hardware	24	1087 484
Total			1571
Directorate Operations Zero-growth directorate supporting a significantly increased ICT technology programme.	Personnel General operating	24	1942 422
Total			2364
	Personnel Software & Hardware Other		25697 16285 5052
Grand Total			47034

Annex IV

PLANS AND PERFORMANCE/RESULTS OF INFORMATION TECHNOLOGY INVESTMENTIN 2000-2001

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
IMIS – Human resource releases IMIS Release 1 (Basic Human Resources) was introduced in 1996 and IMIS Release 2 (Entitlements) in August 1998. According to the United Nations Secretariat, IMIS Release 4 (Payroll) is to be implemented in the fourth quarter of 1999. Productivity gains and savings have yet to occur. The quality of the human resources data, as well as the current fit between the business processes and IMIS are such that additional investment is essential to reap the full benefits of the IMIS project.	Regular resources 1 662.1 Other resources 900.0 Total 2 562.1	IMIS Release 4 has been installed. The payroll implementation along with Education Grant process modification are expected to be completed during the third quarter of 2001. Human Resources data activities to improve the quality of human resources data are continuing. Ongoing support to United Nations for common maintenance continued.	Although functional requirement definition is completed, because of delay in payroll implementation inclusion of ALDs in UNDP Payroll is being postponed until after IMIS payroll is implemented for UNDP. Aside from various bug fixes relating to payroll, no additional software developed for system enhancement.	Substantial functional, technical and educational assistance has been provided to JPO Unit relocation project.
IMIS - Finance Initially, UNDP IMIS requirements were categorized as "mandatory", "highly desirable" and "desirable". IMIS functionality was grouped under five categories, ranging from "show stopper" to "nice to have". IMIS enhancements for "mandatory" requirements with "show stopper" functionality were authorized. The remaining "mandatory" enhancements would be revisited upon IMIS implementation. Currently, 15 such enhancement requirements exist.	Regular resources: 1152.1 Other resources: 619.1 Total: 1 771.1	Additional interfaces have been built. Various UNDP- specific functional and technical enhancements have been designed, programmed and implemented in the UNDP environment. Ongoing support to United Nations for common maintenance continued.		Substantial functional, technical and educational assistance has been provided to JPO Unit relocation project. Extensive functional and technical support has been provided to Comptroller's Division activities during the year-end-closing exercises.
Country office substantive/operational systems FIMS/PFMS				
By mid-1999, 60 country offices moved to the FIMS. production mode, whereby they electronically update the corporate database in New York (PFMS) monthly.	Regular resources: 641.0	Electronically, all country offices are using FIM 3.2 which		Through a web-based exchange facility (FINEX), the country office is able to

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
Remaining country offices are to upgrade by end 1999. FIMS facilitates management of country office programme finances while ensuring that corporate procedures are adhered to. PFMS transactional database acts as the counterpart to FIMS as well as being the repository of the expenditure data reported by the executing agencies. It needs to be updated in step with the improvements to FIMS and reflect the latest provisions of the Programming Manual. FIMS/PFMS will improve overall productivity by decreasing the routine work and providing quality data to all management levels for better support to decision making.	Other resources: 309.0 Total: 950.0	decentralized Combined Delivery Report production to country offices. All country offices are electronically updating headquarters databases on a monthly basis. This has significantly improved the freshness of information for management and monitoring. Pipeline and approved budgets are included, which gives insight to country office project planning as well.		etrieve project expenditure data reported by agencies. Decentralization of delivery reporting for national execution, direct execution and NGO execution was accomplished for year-end 2000. Decentralization of apportionment was also pilot tested in major cost sharing sites.
National execution facilitation modules Even though NEX has been the preferred modality of execution for the past decade and currently more than 60 per cent of the project amounts are under NEX, difficulties persist. Management of NEX would improve if UNDP were to provide its NEX agents and the country offices with automated tools for management. Aside from improving productivity and accountability of the parties involved, it would help to establish good execution capacity in the host country.	Regular resources: 872.0 Other resources: 128.0 Total 1 000.0	Several technical (software) workshops have taken place, and prototypes have been considered. Existing home-grown solutions, primarily from Latin America, have also been reviewed for functional scope alignment.	The HR and Procurement modules for the admin (part of the suite) have not been stabilized to the extent that they could be the basis for the NEX facilitation and integration with current FIM. With the new FIM platform expected in 2002, both HR and Procurement modules for projects will be introduced.	In order to improve information exchange and permit the NEX partners closer collaboration with country office counterparts, a web facility will be in place by the end of 2001 and will access all project financial data as of prior day end-of-business. Payment status can be viewed and new transactions can then be initiated.
Programme substantive management modules These modules of the Country Office Suite 2001are intended to facilitate the management of the substantive side of programme operations and to streamline the reporting for the same. Some of the groundwork has been ongoing since late 1998 with the collaboration of three units (Information Support Division, Division for Information Management and Analysis and Division of Policy and Procedures. Among other benefits, this will enable monthly extraction of textual material pertaining to substantive areas	Regular resources: 1 307.0 Other resources: 193.0 Total: 1 500.0	Project statements for all new projects ("A" budgets) will be captured with the end- of-month data transfer of project financial data to headquarters.	Project document to be included with Revision A in FIM 3.3 (end 2001).	

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
of programme management and their despatch to headquarters with the digital country office systems extract. That will enable reports to be posted on the corporate intranet for sharing with other country offices to foster learning, use of research, and for substantive input to the aggregate reports prepared at headquarters.				
Results-based management (RBM) facilitation system As required by its Executive Board, UNDP has started implementing RBM and will report on its experiences at the current session. It is expected that UNDP will have to integrate RBM into its programme and non-programme areas of work systematically. That will require an in-depth analysis of the current management practices and procedures before setting in place a system that produces the expected benefits while avoiding duplication with its attending loss of productivity and increased costs. Putting in place such a system that generates benefits as a course of normal work by the staff will require a major effort during the 2000-2001 period.	Regular resources: 1 307.0 Other resources: 193.0 Total: 1 500.0	RBM system designed and implemented during period; reports prepared for inclusion in ROAR. Design and development of more sustainable RBM system now with Executive Team sub-group on simplification.		
Country-office accounting system UNDP has had an automated system for its country offices which was made Y2K-compliant at the beginning of 1999. It is essentially a cashbook rather than being a full-fledged accounting package. However, large country offices would be better served by a commercially available full accounting package, which would also result in savings at headquarters. In that regard, the experiences of UNV with its chosen commercial system are being followed closely.	Regular resources: 766.0 Other resources: 234.0 Total: 1 000.0	Comptroller Division is sponsoring a process re-engineering and software selection effort that is intended to lead to introduction of a full accounting package. Requests for Proposals (RFP) results received in second quarter 2001.		
General support systems Reporting and analysis infrastructure A business intelligence tool (Brio) has been selected to implement the UNDP vision of providing all management units with decision-making support through a user-friendly tool. Analysis and reporting systems have been created as pilot applications in finance, programme, and human resources areas. These systems, in conjunction with web technology, will make a wealth of information available to managers for decision-making support. This higher-level function of the information systems is what generates much	Regular resources: 1 743.0 Other resources 257.0	Set of finance and human resource reports available. Major reports of Comptroller's Division supported. Reporting databases developed to meet reporting requirements.		

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
of the return on investment and will move UNDP towards becoming a learning organization. It is expected that the successful implementation of this project will lead to major savings in the biennium 2002-2003.	Total: 2 000.0			
Internet/Intranet During the current biennium, UNDP Internet and Intranet sites were established at headquarters. The Intranet is the primary medium to build UNDP as a learning organization. Internet and intranet sites in the country offices are becoming the main vehicles for sharing information with development partners as well as internally. The Country Office Suite 2001 is being built to feed automatically the country office websites with timely content of good quality. Much headway was made during 1998-1999 and many of the infrastructural needs of country offices and headquarters were met. Expanding the functionality of the corporate internet and intranet will maximize their leverage.	Regular resources 436.0 Other resources 64.0 Total 500.0	UNDP Internet/Intranet web and content update Websites for all Country Offices Best practices on Intranet to promote learning Mailing lists, broadcast and discussion groups on knowledge-sharing.	Centralized data storage to establish knowledge base.	Video webcasts for learning
United Nations Volunteer management systems Further enhancements of the SUN full accounting system were developed during 1999 to allow branch accounting as envisaged for larger country offices. The project to make the volunteer management system Y2K compliant will start in 1999. Implementation and integration with the finance system and FIMS is provided for in 2000-2001. These systems are essential for UNV to streamline its processes and become more cost effective.	Regular resources 1 211.0 Other resources 0.0 Total 1 211.0			
Summary and total	Total regular resources 11 097.2 Total other resources 2 897.0 Grand total: 13 994.2			

ANNEX V

Ministerial Meeting on UNDP
11 September 2000
Summary by the Chairman

Ministers and Excellencies, Mr Administrator, Mr Associate Administrator, Ladies and Gentlemen:

Let me commend you all on the success of this meeting. As the Administrator mentioned this morning, it is indeed unique in UNDP's history that so many Ministers have gathered together to discuss the organization and its direction. This high level of political attention is in itself an important measure of the potential that exists to increase political interest in the organization and to provide impetus.

Please allow me to summarize the extremely rich contributions to today's discussion.

First and foremost, there has been widespread endorsement of the Secretary-General's vision of the role of the United Nations in development and of the critical part that UNDP plays in that context. Such endorsement comes at a particularly critical point in time, immediately after the Millennium Summit. Many of you have noted the emphasis given in the Summit to the continuing, critical challenge of poverty eradication against the background of globalization and to the role of the United Nations in that fight.

There was also warm endorsement of the Administrator's presentation of the new direction that UNDP is charting. The role of UNDP as poverty agency, working both at the global and country levels, has received widespread support. Many Ministers from the programme countries that UNDP serves described articulately - even passionately - the support that UNDP provides to their people. Let me add that I cannot fail to notice that we have come a long way, even since last year, when my tenure as President began. There seems to be a remarkably strong consensus around the direction mapped out by the Administrator.

Ministers recognized that globalization requires UNDP to change its strategies for development. Speakers picked up on the Secretary-General's metaphor that the platform must be raised to enable weaker countries to get on the global train. This requires technical assistance that is focused on the relevant areas of capacity-building. There was general support for the fact that UNDP is concentrating on its areas of comparative advantage, including capacity-building in governance and policy, special development situations and new areas such as Information Technology and the use of the Internet. South-South cooperation was also highlighted as important to UNDP, as were regional cooperation projects. Many countries, however, also stressed the importance of preserving the country-driven nature of UNDP's programmes, of promoting national execution, and of maintaining its flexibility and capacity to respond to country priorities. A number of speakers also reminded us that the trust that UNDP enjoys rests in considerable part on the absence of conditionality attached to its support.

UNDP's role as advocate at the global and national levels was widely commented upon, with a number of you endorsing the flagship Human Development Report. There was general recognition that the challenge of globalization makes access to policy choices ever more important.

All of the above were linked to the universal presence of UNDP, a presence that also serves the rest of the United Nations system. Here, while many stressed that a universal UNDP is

/...

indispensable to the mandate of the United Nations itself, others were concerned that the resource constraints presented a significant challenge to geographical coverage by the organization.

Partnerships were widely referred to as a necessary and important part of UNDP's work. UNDP's role in coordination was highlighted as important and unique, both within the United Nations family and beyond, with other parts of the international community. Some raised concerns that the respective roles of the United Nations and UNDP and the Bretton Woods institutions should be maintained and respected, with complementarity ensured through coordination at the country level.

The seriousness of the Administrator's commitment to results, to internal reform and to management performance and excellence at all levels was noted by many of you. Moreover, many of you also expressed support, both political and financial, for that process. Others commented on means of monitoring that process closely, particularly at the country level.

Last but not least, virtually all speakers raised with concern the issue of resources, including the critical importance of rebuilding the core resource base. It is extremely welcome that a number of major donors pledged to raise their voluntary contributions during the next year, with one country making an additional contribution for the current year. Likewise, the commitment expressed on the part of many programme countries to increase or adhere to financial commitments, despite internal constraints, an important indication of their support.

Let me now turn to the discussion on ways in which the momentum initiated by this meeting can be built upon. Various options have been put on the table, including:

- Intensive advocacy for aid to development and to the United Nations, at the national level;

- Means by which UNDP can communicate its improved performance from the field;

- The possibility, proposed by a number of Ministers, of annual events similar in nature to today's meeting, with the participation of Ministers;

- Options for UNDP to be considered in other international or regional forums such as the OAU or ASEAN;

- Options for the role of the Executive Board.

Most significantly, what came up most consistently was the interest shown by Ministers in continuing their involvement in the dialogue on UNDP and its future. I very much hope that that interest will carry through when Ministers return home, and that each can consider the opportunities that exist to put UNDP before their Ministerial colleagues.

The above gives me, in my capacity as President of the Executive Board, considerable food for thought. I hereby respectfully request your permission to take the above summary to the Board, and discuss there how we might take action on what has been said today – in particular, how we might engage you, the Ministers, on an ongoing basis in the task of strengthening this organizaton.

I echo the Secretary-General's comments of this morning in applauding the Administrator for this initiative, and in expressing the desire that the work of Ministers today will bear the fruits of renewed commitment and support to the United Nations Development Programme.

Thank you.